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C O N F I D E N T I A L ANKARA 003036

SIPDIS

STATE FOR E, EB, EUR/SE, NEA/NGA
STATE PASS NSC FOR QUANRUD AND BRYZA
USDOC FOR 4212/ITA/MAC/OEURA/CPD/DDEFALCO
USDOE FOR PUMPHREY/ROSSI

E.O. 12958: DECL: 05/09/2013
TAGS: [ENRG](#) [ECON](#) [PREL](#) [ETTC](#) [TU](#) [IZ](#)
SUBJECT: MFA INQUIRY ON KIRKUK-YUMURTALIK PIPELINE

REF: STATE 122029

Classified by A/DCM Scot Marciel, Reason 1.5 (b,d)

[11.](#) (U) This cable contains an action request. See para 5.

[12.](#) (C) MFA Deputy Director General For Energy Hakki Akil called in Acting DCM May 8 to raise two issues of GOT concern related to the stoppage of oil flow in the Kirkuk-Yumurtalik pipeline. First, Akil said, Turkey's Kirikkale Refinery, which was designed to process Iraqi crude, was facing a serious oil shortage. Akil said Kirikkale, which was supplied entirely by Iraqi crude diverted from the Kirkuk-Yumurtalik pipeline (by direct pipeline link to the refinery), had not received a shipment in at least two months. He said there had been four shipments of 106,000 tons each scheduled from March 14 through the first week of May, none of which had been delivered. Akil noted that Kirikkale could process other oil if necessary, but at considerable extra cost due to extra operating expenses and required technical changes.

[13.](#) (C) The second, related issue, Akil said, was the negative impact the lack of oil flow in the Kirkuk-Yumurtalik pipeline was having on the pipe and the storage tanks at Ceyhan. Akil claimed that Iraq's water separation system was inadequate; as a result, its oil had four to five percent water content. When left sitting in pipes or oil tanks for more than one month, this water began to have a corrosive effect.

[13.](#) (C) Akil said he understood the U.S. tied the resumption of Kirkuk-Yumurtalik oil flow to the lifting of sanctions, but asked if an exception could be made in this case. He said we could kill two birds with one stone -- the U.S. could justify the need to restart the flow in order to prevent further corrosion, and Turkey could then supply Kirikkale Refinery with Iraqi crude. Akil said the quantity did not have to be great, i.e. the 424,000 tons that had been scheduled but not shipped in the previous two months would be sufficient. Akil suggested the profit from this oil could even be set aside in a non-U.N. escrow account.

[14.](#) (C) Comment and action request: In presenting reftel demarche on lifting UN sanctions on Iraq to MFA Deputy U/S Kilic (septel), A/DCM noted that the best way for Turkey to address this oil problem would be to strongly support our proposed UNSC resolution. Embassy would appreciate any other thoughts/guidance Department might have on the MFA's inquires.
PEARSON